

IRS News Release

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Insurers Need Not File Health Coverage Tax Credit Form

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WASHINGTON — The IRS has issued guidance today that relieves health insurance providers from preparing IRS Form 1099-H, "Health Coverage Tax Credit (HCTC) Advance Payments." Unless the health insurance providers choose to prepare the form, the IRS HCTC Program Office will prepare the form, file it with the IRS and provide copies to the appropriate taxpayers.

Taxpayers who are eligible for the Health Coverage Tax Credit may receive the credit either in advance, to help pay qualified health plan premiums as they come due, or in a lump sum when they file their federal tax return. Approximately 250,000 individuals are potentially eligible for the HCTC. The IRS HCTC Program's transaction center issues payments to the health insurance companies on behalf of eligible taxpayers claiming the credit in advance. In May 2004, payments were made to almost 600 health plans on behalf of one or more of their enrollees who claimed the HCTC in advance. Since the HCTC Program office already has all the necessary financial information, it can file the form, relieving the health insurance company of that burden.

Normally, health insurance companies would provide Form 1099-H in January 2005 to taxpayers who received the advance Health Coverage Tax Credit payments in 2004 and also file the forms with the IRS in February 2005. Today's guidance, Notice 2004-47, relieves these companies of their obligation to provide Form 1099-H to recipients and to file it with the IRS, and applies as well to forms the providers would otherwise have had to provide and file in 2004.

Notice 2004-47 will be published in Internal Revenue Bulletin 2004-29 on July 19, 2004, and is available on IRS.gov.

For more information about the Health Coverage Tax Credit visit www.irs.gov and enter the IRS keyword: HCTC.